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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

23 May 1980

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director for Central Intelligence

THROUGH : Deputy Director for National Foreign Assessment
National Intelligence Officer for Warning

25X1 FROM :
National Intelligence Officer for
China-East Asia Pacific

SUBJECT : Warning Assessment: China-East Asia Pacific

The following items were discussed by the Community
Representatives at the 19 May Warning meeting.

China

1. Analysts discussed the apparent contradictions between the recent speech of Hua Guofeng which contained criticism of material incentives, and a Peoples Daily article the following day defending such incentives in strongest terms. While Hua's speech could have represented a serious division among the leadership, most analysts considered it to be more of a personal position of Hua himself, who seems to be fighting a losing battle to stay in power. Deng Xiaoping's reported decision to step down in August probably meant that he would be taking Hua with him, too, and Hua is "going out with a whimper." The question of incentives would be addressed at the forthcoming NPC session according to Vice Premier Zhao Ziyang, but there was no reason to believe that present policy lines would be reversed even though there were clearly those at lower levels who opposed material rewards for production increases. (C)

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2. On Chinese foreign policy, analysts believe that the Chinese are presently quite concerned over their relations with the ASEAN countries, particularly the tendency among some of these countries -- Indonesia and Malaysia -- to seek out a negotiated settlement of the Kampuchean situation. This may be why Deng Xiaoping spoke of accepting a phased Vietnam withdrawal from Kampuchea to a German reporter. There was no question but that China is now in a more difficult situation than it was a year ago with respect to Vietnam and Kampuchea (see below). ☐

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Indochina

3. Analysts did not believe that Vietnam intended to make any serious concessions with respect to Thai and the other ASEAN countries on troop withdrawal from Vietnam -- the reported VN willingness to withdraw some troops was regarded as a token gesture and possibly could be related to the practice that Hanoi followed in last year's rainy season in withdrawing some units back to Vietnam for refitting. Vietnam Foreign Minister Thach's visit to Kuala Lumpur showed no real flexibility despite some reference to some troop withdrawals under "certain conditions." However, the Vietnamese apparently perceived the existence of differences among the ASEAN nations on negotiations and were trying to exploit these differences. ☐

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4. The purge of the Lao Dong party currently conducted by the Vietnamese was not regarded as being particularly serious; the Vietnamese were evidently attempting to weed out cadres who were "good at war but no good at managing the economy." The corrupt and inefficient were also targeted for elimination. Nevertheless, the purge (which had begun in January) could pickup steam later this year as high-ranking party members became involved. It was noted that party members of Chinese ethnic background were being removed as well. ☐

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5. Analysts commented upon the apparent consolidation of Soviet military presence in Vietnam at Cam Ranh Bay. It appeared that air activities formerly conducted from Da Nang were being moved to Cam Ranh, where Soviet ground controllers as well as aviation fuel storage facilities were being located. A continuing Soviet naval presence at Cam Ranh Bay was reported upon. ☐

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6. Within Kampuchea, analysts commented that the DK forces under Pol Pot had evidently developed plans for military operations during the rainy season, but no real action had yet occurred. However, the rainy season had not yet fully arrived. The DK forces were evidently drawing food supply from UN stocks at the Thai border. Arms and equipment from Chinese sources appeared adequate. ☐

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7. Analysts observed that the Vietnamese were trying hard to provide a facade of a Kampuchean governmental structure under Heng Samrin, but were still not having much success. Village committees had been set up in some areas of Kampuchea but lacked real authority and the only local governmental operations which functioned required active Vietnamese support. ☐

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8. On the food situation in Kampuchea reports of starvation in Battambang and even some of the eastern provinces adjacent to Vietnam were coming in, and the situation was regarded as likely to get worse. The Vietnamese were making some food stocks available to the populace in order to draw people to support the Heng Samrin regime, but while Vietnamese and Heng Samrin government officials received 30 kilos of rice per month, only three kilos of rice per person were going to the Kampucheans. Seed rice was coming from the west, i.e., the Thai border area and not from the east. ☐

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9. Analysts noted that increased quantities of Vietnamese supplies were being sent to Northern Laos, but no serious Chinese provocations in this region had occurred. The types of supplies being sent there could not be identified. ☐

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Thailand

10. Analysts expressed the view that Prem's government was doing about as well as could be expected -- the economy was still in serious trouble and inflation was increasing -- but there was no threat for the time being to political stability nor to the Prem government itself. People were giving him the benefit of the doubt. However, Prem would need to come to grips soon with the economic problems facing the country. Analysts called attention to the 1 October date for making annual military promotions, and speculated that Prem could encounter some problems around this time. Although he had been identified with ISOC (Internal Security Operations Command), former colleagues in the ISOC had not been taken into the government by him and were dissatisfied. There were also elements of the ISOC who would like to move further away from the Chinese who traditionally had been identified with support for the Communist-led insurgency. ☐

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South Korea

11. Analysts were not surprised by the declaration of martial law in South Korea given the failure of the government's restrained approach to student demonstrations. One analyst characterized General Chun Doo Hwan as having a siege mentality which made his strong reaction to the student's ultimatum and 22 May deadline predictable. It was generally agreed that Chun enjoyed strong support within the

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military for fougher action against the demonstrators and the establishment of martial law. [REDACTED]

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[REDACTED] which has come to light since our meeting, appears to back up that judgment. There is probably a good deal less support among military officers for Chun's capitalizing on martial law to neutralize -- in some cases wipe out -- his political opposition. [REDACTED]

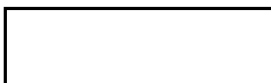
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North Korea

12. North Korean I&W anomalies were noted, but they were thought not to be significant, even in combination in suggesting the North was preparing for an attack. [REDACTED]

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CENTRAL INTELLIGENCE

National Intelligence Officers

14 May 1980

NOTE FOR: Distribution

FROM :
NIO/Ch-EAP

Attached is the proposed agenda for the China-East Asia Pacific warning meeting. Please note the date of the meeting has been changed to Monday, 19 May at 1400 hours in Room 7 E 62, CIA.

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13 May 1980

The date of the NIO/China-East Asia Pacific Monthly Warning Meeting has been changed from 21 May to 19 May at 1400 hours in Room 7 E 62, CIA Headquarters.

Proposed agenda items are as follows:

China

Internal -- Signs of concern about penetration of "Western influences" -- have they warning significance?

Possibility of removal of Hua Guofeng from the premiership -- will there be a battle prior to the NPC?

Indochina-ASEAN -- How concerned are the Chinese over the possibility of changes in Thai policy and/or disarray in ASEAN?

Indochina

Vietnam -- Any indications that Hanoi is seriously contemplating a renewal of boat exits?

What are the effects of the purge of the Lao Dong Party?

Is Hanoi seriously trying to tempt Thailand and ASEAN into negotiations (leading to acceptance of the status quo in Kampuchea)?

Kampuchea -- How serious the famine?

What signs that Pol Pot will cause significant trouble in the rainy season?

Is the Heng Samrin government functioning? How much control does it have in the countryside?

Thailand

How firm and unswerving is the firm and unswerving Thai policy toward Kampuchea?

How well is the Prem government doing?

North Asia

Korea -- Outlook in South Korea. Chances for a workable transition under the current circumstances? Is Chon Doo Hwan stirring the pot? Likelihood for a military takeover, possible scenarios.

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7 May 1980

NIC Warning Agenda: Potential Warning Developments over the next 90 days.I. Iran-Iraq:

A. Prospects for an escalation of tensions.

NFAC, INR and DIA have agreed that "major hostilities" or a "full-scale conflict" are unlikely in the near term. The US Interests Section in Baghdad has supported this consensus with the judgment that war is unlikely unless the internal situation in either country deteriorates markedly.

B. The central problem for warning: Does this consensus address the least likely contingency and overlook more plausible lines of development?

—Limited hostilities precipitated by incidents such as the attempted assassination of Ghotbzadeh in Kuwait and the seizure of the Iranian embassy in London; or by a sudden escalation of border clashes or Iraqi attempts to intimidate Iran into withdrawing from the islands near the Strait of Hormuz.

—Increased efforts by both regimes to provoke internal problems for the other. There have been tenuous hints, for example, that the Iranians are seeking Syrian cooperation in an attempt to oust the Baghdad regime.

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C. Effects on Iranian calculations and actions of Soviet and East European promises of economic and logistical assistance to circumvent Western sanctions or US moves to close Iranian ports.

D. Current reporting has focused on short term prospects.

Recommendation: An assessment of—Iraq's maximum and minimum aims, with special

reference to the abrogation of the Algiers Accords and claims to Khuzestan and the Gulf Islands; Iraq's perception of the military balance and the options presented by Iran's political and military vulnerability; Iraq's calculations of prospects for attracting Arab support for moves against Iran by widening the dispute into an Arab-Iranian conflict.

II. Cuba: Castro's Intentions.

A. NFAC assessments have implied that Castro's moves on the refugee issue have been influenced to a large extent by his "long-range concern for the island's safety" and that he is attempting to draw the US into negotiations not only to "regularize" the flow of refugees but to seek US "assurances" against hostile actions toward / his regime. Neither INR nor DIA has offered an analysis of Castro's motives and intentions.

B. From the warning standpoint, it would be useful to consider an alternative hypothesis that addresses the possibility that Castro intends to provoke a contrived crisis with the US as a means of diverting domestic attention from his embarrassing Peruvian Embassy miscalculation and economic and political discontent.

—When Castro authorized the exodus from Mariel, he anticipated that Washington would obstruct mass emigration to Florida. The Cuban press charged that the initial US reaction belied the Administration's human rights policy.

—Havana planned to couple the expected impasse on refugee immigration with a nationwide mobilization to denounce the "Solid Shield" military exercise scheduled to begin at Guantanamo on 8 May. In late April, some military units, particularly in eastern Cuba, were placed on increased readiness, reserves were called up and leaves cancelled, new stations in the eastern border guard radio net were activated, and elements of the eastern SAM brigade may have been deployed. The foreign

minister informed chiefs of diplomatic missions that Cuban forces were on alert and "ready to do their duty."

- The cancellation of the Guantanamo phase of Solid Shield caused Castro to postpone until 17 May his "combative people's march" and nationwide demonstrations against the US economic embargo, the US presence at Guantanamo, and SR-71 overflights.
 - In his May Day speech, Castro attempted to stimulate greater popular hostility to the US by announcing contingency plans in case of a "total blockade" by the US. He also stated that the Army would create a new regional paramilitary defense force to help defend the country.
 - Castro deliberately aggravated the refugee issue by authorizing the attack on political prisoners outside the US Interests Section on 2 May and by demanding that these "antisocial elements" be handed over without conditions.
 - President Carter's pledge on 5 May that the US would "provide an open heart and open arms" for the refugees has undercut Castro's plan to induce a confrontation on this issue, and he will now concentrate on the economic embargo, Guantanamo, and overflights.
- B. Under this hypothesis, Castro is impelled primarily by offensive rather than defensive motives.
- He may use the nationwide mobilization on 17 May to issue new demands for the return of Guantanamo, and end to the economic embargo, and termination of overflights.
 - The Cubans might stage an incident at the access gate to Guantanamo or along the base perimeter.
 - The impasse over political prisoners may be used as a pretext to expel the US Interests Section.

C. This hypothesis assumes that Castro has been encouraged to provoke a confrontation with the US by his reading of Moscow's current attitude toward the Carter Administration, if not by direct assurances of Soviet support. Moscow's recent shift toward a much harsher stance suggests that the Soviet leaders have written off any prospects for ending the downturn in relations with the US at least until after the November elections. The Soviets therefore may have decided that the time is ripe for endorsing a Cuban challenge, in part as a means of settling accounts with the Administration over its handling of the Soviet combat brigade in Cuba and Afghanistan.

III. Afghanistan-Pakistan

A. The IIM of 13 March judged that the Soviets are unlikely to exert heavy military pressure on Pakistan so long as Islamabad avoids a close alignment with the US and China. Moscow appears to be satisfied so far with President Zia's cautious and aloof posture on Afghanistan.

B. What developments in the next three months might lead to a change in this Soviet policy of relative restraint?

—Failure of Soviet counterinsurgency and border sealing operations to produce a significant reduction in resistance. Would this contingency oblige the Soviets to commit substantially greater forces and shift to a more threatening posture toward Pakistan, China and other alleged sponsors of the insurgents?

—A Soviet perception that Pakistan, China and the US were increasing military, political and logistical assistance to the rebels.

—The emergence of sharp differences in the Soviet leadership over military strategy and the magnitude of additional resources needed to master the situation. Might the fallout from such differences, especially in a charged atmosphere of a widespread Olympic boycott

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on President Carter, employing the most invidious language about an incumbent President in many years.

—Chancellor Schmidt's reported belief that the Soviets are in a "trouble-making mood."

—Ustinov's unexplained absence from the May Day lineup and the leadership's condolence call at the Yugoslav embassy.

—Hints of disagreement over strategy in Afghanistan. (Sokolov's 4 April message opposing withdrawal of a division—a move apparently considered by the General Staff in March.

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II. Zaire

—Growing economic dislocation and deprivation as a threat to Mobutu. Low morale and indiscipline in the armed forces. Official concern that Katangan rebels may be planning another incursion into Shaba Province. Zairian reports of Cuban soldiers in Congolese villages on the Zairian border.

III. Liberia

—The doubtful competence of the new regime and the impact of the military coup on neighboring African states. Zambian officials and the Intelligence and Security Services reportedly are concerned over the reaction to Liberia in both civilian and military circles.

IV. Syria

—Assad's prospects in his risky attempt to repress unrest in the cities. Have chances increased that his gamble will become embroiled in broader Arab politics? Syrian military officers are said to suspect Iraqi

involvement with the regime's opponents, particularly the Muslim Brotherhood.

Will these domestic problems strengthen Assad's incentive to invite a confrontation with Iraq, possibly in collusion with Iran?

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MEMORANDUM FOR: NIC MEMBERS

Attached is a draft agenda for the first
NIC warning meeting on 13 May.

In accordance with Mr. Clarke's memo of 9 April,
the proposed agenda is limited to four principal
items. We have also suggested four additional
subjects for brief review.

Please give me your comments and suggestions
by 1200 on 12 May.



A/NIO for Warning

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